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DIA & DOS review(s) completed.

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GENERAL

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1. Tito's position on the Italian treaty--US Ambassador Smith in Moscow attributes Tito's hint to UK Ambassador Peake [redacted]

[redacted] to Tito's concern over the prestige of his group and the Communist Party, rather than to Yugoslav nationalism. Smith believes that, as the Kremlin has accepted the Trieste agreement, Tito will sign the treaty without any further concessions.

2. UK to test Stalin statement on air service--US Embassy London reports that the British will attempt to convert their present Helsinki air courier service into a regular civil airline in order to test out the meaning of Stalin's statement to the press that air services "would not be excluded under certain conditions."

EUROPE

3. RUMANIA: Broadening of Groza Government rumored--US Delegate ACC reports an increase of seemingly "well-founded" rumors regarding the formation of a more representative Government to include all political elements. The Delegate is inclined to believe these rumors because Leftist criticism of the Opposition has been reduced and Government censorship of the Opposition press has been relaxed to permit publication of sharp attacks against the Government's fraudulent conduct of the elections.

Government considering request for US loan--A Rumanian Government official has told US Representative Berry that the Rumanian Government is "at the end of its rope" and must obtain food imports before the Peace Treaty is signed [redacted]

25X1 [redacted] The official asked if it was advisable to make a formal request for a US corn loan.

4. GREECE: Inadequacy of US press in Greece--US Ambassador MacVeagh reports that US press reporting from Greece has not been discerning as to facts or attentive to the real requirements of US national interests.

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5. FRANCE: Reason for approval of Blum Government--According to US Ambassador Caffery, approval of the Blum government resulted from the awareness of political leaders that the weakness of French democracy, "as now practiced", would be even more clearly exposed to the public and that the result might be an attempt at some "extreme" solution (the Communists or de Gaulle). Caffery adds that, while a breakdown of democracy might not be distasteful either to the Communists or to certain extreme Rightist elements, each is restrained by the fear that the other would be the beneficiary of such a breakdown.

Communist demand for Defense Ministry--Caffery has been informed [redacted] that the Communist Party, upon orders from Moscow, demanded the Ministry of National Defense during last week's Cabinet negotiations on grounds that "democratization" of the Army, Navy and Air Force is not yet completed and that the Communist position in the armed forces should be further consolidated.

Communist tactics--Caffery believes that the tactics of the French Communists thus far indicate that they will continue to attempt to "colonize" France by gradual stages. He interprets the "relative moderation" of the Communists' demands upon Blum, (which could have been far more sweeping because of Communist power within the labor movement) as a sign of confidence in their own strength.

NEAR EAST-AFRICA

6. IRAN: Collapse of Azerbaijan resistance--The Assistant US Military Attache in Tehran, who has just returned from Tabriz, reports that at an extraordinary meeting of the Azerbaijan Parliament on 11 December the members split into two factions as Pishevari and his followers advocated continuing resistance and Biryia, supported by Governor Djavid, insisted on immediate compromise.

The session ended when Pishevari resigned and Biryia, as the new chief of the Democratic Party, announced an agreement with Tehran. That night, Pishevari and "thousands of Democrats" fled into the USSR; the Azerbaijan military forces disintegrated, and a large mob in Tehran seized arms and began killing "Democrats." Iranian Army units which entered Tabriz on 13 December joined the civil population in the search for "Democrats" and killed most of those whom it arrested.

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The Assistant MA also reports that on the day following the entry of Iranian forces into Azerbaijan the Soviets sent ten truckloads of small arms and ammunition to Tabriz.

FAR EAST

7. **CHINA: Communists unwilling to compromise--US Embassy** Nanking comments that "the only possible interpretation now" of a statement by Chou En-lai reiterating Communist terms for resuming negotiations and strongly attacking the Generalissimo, is that the Communists "have not the faintest intention of accepting any compromise solution." The Embassy interprets a reported increase in Communist military activity in widely separated areas as an effort to impede a Government offensive anticipated by the Communists.

Generalissimo overrules amendments to Constitution--The Embassy also reports that, under the eyes of the Generalissimo, the Steering Committee of the National Assembly vetoed "without argument" every change, except a technical one, made by the Examination Committee in the draft Constitution. The Generalissimo is reported to have informed the Kuomintang that it was to support the Constitution as he had proposed it and "without any nonsense."

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